

Short-Time Compensation (STC) Program

Explanation and General Overview

"STC" is a program that provides employers with an alternative to layoff. In lieu of layoff, hours of work (and wages) are reduced between 20% and 50%. Workers receive the percentage of their unemployment benefit that corresponds to the percentage of reduction in their work hours each week.

The administration of the "STC" program is based upon the same principles as regular Unemployment Insurance (UI), but the following terms and procedures are unique to STC.

- A. **Affected Unit** – An employer defined unit consisting of five or more employees designated by the employer to participate in a Short-Time Compensation Plan.
- B. **Employee Participant** – A full-time or regular part-time employee (see E.) whose work hours will be reduced by 20-50% under an STC plan. The number of hours worked each week by employees may vary to meet the needs of the business as long as all employees are reduced by the same percentage.
- C. **STC Employer** – An employer with an STC plan in effect.
- D. **STC Plan** – An employer's voluntary, written plan for reducing the work hours of a specified group of employees.
- E. **Normal Weekly Hours of Work** – The hours the employee regularly works between 30 and 40, excluding overtime.
- F. **Modification** – A change in any STC plan which may be an addition or deletion of employee participants, or a change in percentage for an affected unit. A modification request must be approved before it becomes effective. To request a modified plan, please contact our STC Unit for assistance OR submit a "Modified" Application A (B-148) and Application B (B-146) forms.
- G. **STC Benefit** – The STC benefit amount is calculated by multiplying the regular UI weekly benefit amount by the percentage reduction of normal work hours specified in the approved plan. For example, an individual whose working hours and wages are reduced by 30% will receive 30% of the weekly benefit allowance. However, STC benefits are also adjusted for any week that an individual works more or less than the approved plan percentage. For instance, if an employee is scheduled for a 30% reduction in work hours but actually works 75% of his or her normal hours in a given week, the STC benefit for that week will be 25% of the normal UI weekly benefit allowance. It should also be noted that employees who work more than 80% or less than 50% of their normal work hours will have their claims reviewed under the normal UI claim procedure, not through the STC plan.
- H. **Work Search and Availability Requirement** – STC employee participants are excluded from normal availability requirements, but they must be available to their STC employer.

If the employer approves time off and the worker has performed some work during the week, the individual is eligible for an STC benefit based on the combined work and paid leave hours for that week. If the employer does not grant the time off, the question of availability must be investigated.

If injury or illness does not allow an employee on STC to work all of the hours that were offered by you, the Vermont Department of Labor will ask you and your employee for information on the illness and the amount of work time that was missed. A decision would then be made to allow or deny STC benefits for the week that the STC employee was ill. STC benefits would usually be denied because an individual must be able to work and be available for work to receive benefits.

- I. **STC Benefit Charging** – Under the STC program, the benefits paid are classified as STC payments providing the claimant's work hours in that week are within the 50-80% rules for eligibility and the charge for that week's benefit is assigned to the STC employer's experience rating account only. If the claimant's work hours are less than 50% any benefits that are paid would be regular UI benefits, not STC, and therefore are charged proportionately to **ALL** base period employers.

APPLYING FOR STC

An employer interested in participating in the STC program for some or all employees must submit Application Forms A & B (B-148 and B-146) for approval. These applications include proposed starting and ending dates of the plan, number of employee participants, any impact on fringe benefits, employer certification of collective bargaining agent agreements, a list of employees selected to participate, and the proposed percentage in reduction of hours.

Application A form requires the employer to certify that:

- A. All employees listed in the employer's plan have worked on a full-time or regular part-time basis of 30 or more hours each week for the employer.
- B. The reduction in weekly hours is in lieu of layoffs which would have resulted in an equivalent reduction in work hours.
- C. The employer understands that benefits paid under this plan will be reflected in their future unemployment tax rate.

The employer's STC plan can last up to 6 months. Individual employees can draw up to 26 weeks of STC benefits. However, the number of weeks could be reduced if the participant has received payments in an existing benefit year.

You will be notified once your application has been reviewed. Upon notification that your plan has been approved, the next step in the process requires each participating employee to complete an Initial Claim form (B-65 STC). Each participating employee must also be provided a copy of "Important Information for STC Participants" form (B-102). All base period employer wages on file will be used to determine the employee's unemployment entitlement, resulting in a monetary determination being issued. If all wages have been reported, this monetary determination is an overnight process and a notice will be mailed directly to each participant.

A supply of weekly claim forms and employer reports will be sent to the employer. A separate Weekly Claim form (B-6 STC) must be completed by each affected employee and then given to the employer following the end of each week throughout the duration of the STC plan. The employer completes a separate Weekly Report of Participants form (B-145) each week that attests to whether or not employees accepted all work, that the reduction in hours was the same as agreed to in the plan, and shows hours of work and other compensation. When all B-6 STC and B-145 forms are completed for a week, the employer will forward them to the STC Unit of the Vermont Department of Labor in Montpelier.

INCOMPLETE OR INCORRECT WEEKLY CLAIM FORMS (Form B-6 STC)

If the claim is incomplete or incorrectly completed, the STC Unit will attempt to contact the participant by phoning the employer's office. If the claim is unsigned or undated, it will be returned directly to the participant for correction.

INCOMPLETE EMPLOYER WEEKLY REPORTS (Form B-145)

If the report is unsigned, it will be returned for signature.

FINAL NOTICE

If an STC participant's benefits are exhausted, the participant and the employer will be notified by the STC Unit and the participant's name will be deleted from the Employer Plan. The employer will be expected to file a modified plan that reflects the deleted participant(s) and any resulting percentage changes, number of weeks or added participant(s).

SEPARATIONS AND LAYOFFS

If an STC participant is permanently separated or placed on an indefinite layoff, he/she will need to call the STC Unit. The employer will be expected to file a modified plan that reflects the deleted participant(s) and any resulting percentage changes, number of weeks or added participant(s).

If an employee, who is a participant in the STC plan, decides to quit working for the STC employer, or any employer, it is grounds for denial of any further benefits to that participant. In that event, the STC employer will be expected to file a modified plan that reflects the deleted participant(s) and any resulting percentage changes, number of weeks or added participant(s). If the modification is due to an employee separating from your employment for reasons other than lack of work, please provide details of that separation.

FORMS

All forms related to the STC Program can be obtained by contacting us directly or on our website at www.labor.vermont.gov under the "Unemployment Insurance & Wages", "Short-Time Compensation (STC) Program " links.

CONTACT INFORMATION

If you have any questions or require assistance, call the Employer Assistance Line toll-free at 1-877-214-3331 during normal business hours and ask to speak to an STC Representative.

Equal Opportunity is the Law

The State of Vermont is an Equal Opportunity/Affirmative Action Employer. Applications from women, individuals with disabilities, and people from diverse cultural backgrounds are encouraged. Auxiliary aids and services are available upon request to individuals with disabilities. 711 (TTY/Relay Service) or 802-828-4203 TDD (Vermont Department of Labor).